

## Fiscal Summary (\$ Millions)

	Actual 2002-03	2003-04		
		Fall Outlook*	Current Outlook	In-Year Change
<b>Revenue</b>	68,609	69,532	69,532	—
<b>Expense</b>				
Programs	56,922	62,554	62,554	—
Capital	1,876	2,574	2,574	—
Interest on Debt	9,694	10,025	10,025	—
<b>Total Expense</b>	68,492	75,153	75,153	—
<b>SURPLUS / (DEFICIT)</b>	<b>117</b>	<b>(5,621)</b>	<b>(5,621)</b>	<b>—</b>

\* As presented in the 2003 Ontario Economic Outlook and Fiscal Review.

Note: Consistent with the treatment in the 2002-03 Public Accounts, the Ontario Electricity Financial Corporation (OEFC) is consolidated on a line-by-line basis.

## HIGHLIGHTS

### 2003-04 IN-YEAR PERFORMANCE

#### DEFICIT OUTLOOK AT \$5.6 BILLION

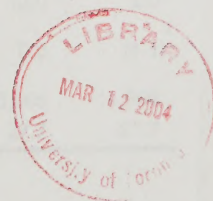
- ◆ The 2003-04 current outlook is unchanged from the fiscal outlook presented in the 2003 Ontario Economic Outlook and Fiscal Review. As of December 31, 2003, a deficit of \$5,621 million is projected for 2003-04.

#### REVENUE AT \$69.5 BILLION

- ◆ The revenue outlook, at \$69,532 million, is unchanged from the 2003 Ontario Economic Outlook and Fiscal Review.

#### EXPENSE AT \$75.2 BILLION

- ◆ Total expense, at \$75,153 million, is unchanged from the 2003 Ontario Economic Outlook and Fiscal Review. Increased ministry expense mainly due to a negotiated wage settlement with the Ontario Provincial Police Association, and additional funding for post-secondary education capital projects are fully offset from the operating and capital contingency funds.



## FISCAL PERFORMANCE

### REVENUE

- ◆ The revenue outlook, at \$69,532 million, is unchanged from the 2003 Ontario Economic Outlook and Fiscal Review.

### OPERATING EXPENSE

- ◆ Operating expense, at \$72,579 million, is unchanged from the 2003 Ontario Economic Outlook and Fiscal Review. Changes this quarter include:
  - ◆ Ministry of Children's Services: An additional \$10 million mainly to purchase additional equipment and supplies for child care and early learning programs, fully offset from the Contingency Fund.
  - ◆ Ministry of Community Safety and Correctional Services: An additional \$48 million, fully offset from the Contingency Fund, including \$45 million for a negotiated wage settlement between the Province and the Ontario Provincial Police Association; \$2 million for the Major Case Management computer system; and \$1 million for First Nations policing.

### CAPITAL EXPENSE

- ◆ Capital expense, at \$2,574 million, is unchanged from the 2003 Economic Outlook and Fiscal Review. Changes this quarter include:
  - ◆ Ministry of Training, Colleges and Universities: An additional \$19 million to fund projects at colleges and universities to create new spaces for students, fully offset from the Capital Contingency Fund.



## Statement of Financial Transactions (\$ Millions)

	1999-00	2000-01	2001-02	Actual 2002-03	Q3 2003-04
<b>Revenue</b>	64,804	66,044	66,249	68,609	69,532
<b>Expense</b>					
Programs	48,222	51,146	53,647	56,922	62,554
Capital	4,887	2,123	1,890	1,876	2,574
Interest on Debt	11,027	10,873	10,337	9,694	10,025
<b>Total Expense</b>	64,136	64,142	65,874	68,492	75,153
<b>SURPLUS / (DEFICIT)</b>	<b>668</b>	<b>1,902</b>	<b>375</b>	<b>117</b>	<b>(5,621)</b>
<b>Net Debt</b>	<b>134,398</b>	<b>132,496</b>	<b>132,121</b>	<b>132,647</b>	<b>138,970</b>
<b>Accumulated Deficit</b>	<b>134,398</b>	<b>132,496</b>	<b>132,121</b>	<b>118,705</b>	<b>124,326</b>

Note: Consistent with the treatment in the 2002-03 Public Accounts, the Ontario Electricity Financial Corporation (OEFEC) is consolidated on a line-by-line basis starting in 1999-00. Expense and revenue totals for prior years have been restated to reflect the new accounting treatment. Net debt represents the difference between liabilities and financial assets. Accumulated deficit represents net debt adjusted for tangible capital assets.

## Selected Economic and Fiscal Statistics

	1999-00	2000-01	2001-02	Actual 2002-03	Q3 2003-04
Gross Domestic Product (GDP) at Market Prices (\$ Millions)	409,020	440,708	452,923	478,112	501,061
Ontario Population (000s) - July 1	11,506	11,685	11,898	12,097	12,238
Ontario Revenue as a per cent of GDP	15.8	15.0	14.6	14.3	13.9
Ontario Revenue Growth (%)	16.2	1.9	0.3	3.6	1.3
Ontario Total Expense as a per cent of GDP	15.7	14.6	14.5	14.3	15.0
Ontario Total Expense Growth (%)	11.0	0.0	2.7	4.0	9.7
Ontario Total Program Expense as a per cent of GDP	11.8	11.6	11.8	11.9	12.5
Ontario Total Program Expense Growth (%)	3.6	6.1	4.9	6.1	9.9
Ontario Interest on Debt as a per cent of Revenue	17.0	16.5	15.6	14.1	14.4
Ontario Interest on Debt as a per cent of Total Expense	17.2	17.0	15.7	14.2	13.3
Ontario Interest on Debt as a per cent of GDP	2.7	2.5	2.3	2.0	2.0
Ontario Surplus / (Deficit) as a per cent of GDP	0.2	0.4	0.1	0.0	(1.1)
Net Debt per capita (\$)	11,681	11,339	11,104	10,965	11,356
Net Debt as a per cent of GDP	32.9	30.1	29.2	27.7	27.7

Sources: Ontario Ministry of Finance and Statistics Canada.

## ONTARIO REAL GROSS DOMESTIC PRODUCT (GDP) DOWN IN THIRD QUARTER (JULY-SEPTEMBER)

- ◆ Ontario real GDP fell by 0.6 per cent (2.5 per cent annualized) in the third quarter of 2003, the second decline in as many quarters.

## ONTARIO CREATES 160,500 JOBS IN 2003

- ◆ In 2003, Ontario employment grew by 160,500 net new jobs, up 2.6 per cent from 2002 and accounting for 48 per cent of all job creation in Canada.
- ◆ Ontario's unemployment rate was 7.0 per cent in 2003, down slightly from 7.1 per cent in 2002.
- ◆ In the fourth quarter (October-December) 36,400 jobs were added from the third quarter, while the unemployment rate fell to 6.8 per cent.

## CONSUMER SPENDING LOWER

- ◆ Ontario retail sales fell 0.7 per cent in October, the third consecutive monthly decline. Over the first ten months of 2003, retail sales were 3.4 per cent ahead of the same period in 2002.

## INFLATION HIGHER IN 2003

- ◆ Ontario consumer prices rose 2.7 per cent in 2003, up from 2.0 per cent in 2002.

## HOUSING MARKET ROBUST IN 2003

- ◆ In 2003, Ontario housing starts hit their highest level in 14 years, up 1.9 per cent from 2002.
- ◆ The value of Ontario building permits issued in November fell 8.3 per cent from the level in October, but permits issued were up 3.0 per cent for the first eleven months of 2003.

## TRADE SECTOR WEAKER

- ◆ Ontario merchandise exports fell 3.3 per cent in November (Ontario Finance estimate), after declining 2.3 per cent in October. Ontario merchandise imports rose 2.1 per cent in November after falling 0.5 per cent in October.
- ◆ Ontario manufacturing shipments fell 1.6 per cent in November to \$22.3 billion, following October's decline of 0.9 per cent. Over the first 11 months of 2003, Ontario shipments were 2.1 per cent below the same period in 2002.

## KEY ECONOMIC INDICATORS (% Change from previous period, unless indicated otherwise)


		Annual	Annual	Quarterly				
		2002	2003	02:4	03:1	03:2	03:3	03:4
<b>Output (Seasonally Adjusted at Annual Rates)</b>								
Real GDP	Ontario	3.6	N/A	0.4	0.6	(0.2)	(0.6)	N/A
Nominal GDP	Ontario	5.6	N/A	1.5	1.6	(0.3)	0.7	N/A
		Annual	Annual	Monthly 2003				
		2002	2003	Aug	Sep	Oct	Nov	Dec
<b>Other Indicators (Seasonally Adjusted)</b>								
<b>Labour Markets</b>								
Labour Force (Change in 000s)	Ontario	167.1	162.6	(12.7)	49.8	(14.5)	(20.9)	30.4
Employment (Change in 000s)	Ontario	105.3	160.5	(5.9)	38.5	5.3	(6.6)	35.4
Unemployment Rate (%)	Ontario	7.1	7.0	7.1	7.3	7.0	6.8	6.7
<b>Household Sector</b>								
Retail Sales	Ontario	5.6	N/A	(0.1)	(0.2)	(0.7)	N/A	N/A
Housing Starts (000s)	Ontario	83.6	85.2	85.9	85.7	99.5	78.4	81.8
New Home Sales*	Toronto	29.3	N/A	(7.5)	(7.5)	0.7	16.7	N/A
MLS Home Resales*	Ontario	9.3	N/A	10.1	10.5	8.5	4.6	N/A
<b>Manufacturing Shipments</b>	Ontario	3.4	N/A	(8.9)	9.1	(0.9)	(1.6)	N/A
Transportation Equipment	Ontario	6.5	N/A	(18.0)	13.9	(0.5)	(2.7)	N/A
<b>Consumer Price Index*</b>	Ontario	2.0	2.7	1.7	2.2	1.7	1.7	3.0

Sources: Statistics Canada, Ontario Ministry of Finance, Canada Mortgage and Housing Corporation, Greater Toronto Home Builders' Association, Canadian Real Estate Association and Ward's Automotive.

\* % change from a year earlier

N/A = Data not available





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Category	2019-2020	2020-2021	2021-2022
Operating Expenses			
Salaries and Wages	1,100,000	1,150,000	1,200,000
Benefits	250,000	260,000	270,000
Travel	50,000	55,000	60,000
Telephone	30,000	35,000	40,000
Postage	20,000	25,000	30,000
Printing	10,000	15,000	20,000
Repairs and Maintenance	40,000	45,000	50,000
Utilities	150,000	160,000	170,000
Insurance	120,000	130,000	140,000
Depreciation	80,000	85,000	90,000
Professional Fees	60,000	65,000	70,000
Advertising	30,000	35,000	40,000
Interest	100,000	110,000	120,000
Other	20,000	25,000	30,000
<b>Total Operating Expenses</b>	<b>2,000,000</b>	<b>2,100,000</b>	<b>2,200,000</b>
Revenue			
Operating Revenue	2,200,000	2,300,000	2,400,000
Investment Income	50,000	55,000	60,000
Other Income	20,000	25,000	30,000
<b>Total Revenue</b>	<b>2,270,000</b>	<b>2,380,000</b>	<b>2,490,000</b>
<b>Surplus</b>	<b>270,000</b>	<b>280,000</b>	<b>290,000</b>

# ONTARIO FINANCES FINANCIAL TABLES

# REVENUE

(\$ Millions)	Actual 2002-03	2003-04		
		Fall Outlook*	Current Outlook	In-Year Change
TAXATION REVENUE				
Personal Income Tax	18,195	18,600	18,600	—
Retail Sales Tax	14,183	14,550	14,550	—
Corporations Tax	7,459	7,215	7,215	—
Employer Health Tax	3,589	3,705	3,705	—
Gasoline Tax	2,306	2,310	2,310	—
Fuel Tax	682	695	695	—
Tobacco Tax	1,183	1,310	1,310	—
Land Transfer Tax	814	835	835	—
Electricity Payments-In-Lieu of Taxes	711	532	532	—
Other Taxes	429	195	195	—
	49,551	49,947	49,947	—
GOVERNMENT OF CANADA				
Canada Health and Social Transfer (CHST)	7,346	7,093	7,093	—
CHST Supplements	191	577	577	—
Health Reform Fund	—	387	387	—
Diagnostic/Medical Equipment	—	193	193	—
Social Housing	525	643	643	—
Infrastructure	62	285	285	—
Other Government of Canada	770	1,086	1,086	—
	8,894	10,264	10,264	—
INCOME FROM INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES				
Ontario Lottery and Gaming Corporation	2,288	2,065	2,065	—
Liquor Control Board of Ontario	939	1,048	1,048	—
Ontario Power Generation Inc. and Hydro One Inc.	717	318	318	—
Other Government Enterprises	(2)	3	3	—
	3,942	3,434	3,434	—
OTHER NON-TAX REVENUE				
Reimbursements	1,111	1,208	1,208	—
Electricity Debt Retirement Charge	889	979	979	—
Vehicle and Driver Registration Fees	982	933	933	—
Power Sales	635	611	611	—
Sales and Rentals	560	571	571	—
Other Fees and Licences	606	531	531	—
Liquor Licence Revenue	530	477	477	—
Royalties	304	225	225	—
Miscellaneous Other Non-Tax Revenue	605	352	352	—
	6,222	5,887	5,887	—
TOTAL REVENUE	68,609	69,532	69,532	—

\* As presented in the 2003 Ontario Economic Outlook and Fiscal Review.

Note: Consistent with the treatment in the 2002-03 Public Accounts, the Ontario Electricity Financial Corporation (OEFC) is consolidated on a line-by-line basis.



# OPERATING EXPENSE

(\$ Millions)		2003-04		
		Fall Outlook*	Current Outlook	In-Year Change
MINISTRY	Actual 2002-03			
Agriculture and Food	613	661	661	—
Attorney General	1,057	1,060	1,060	—
Board of Internal Economy	146	169	169	—
Children's Services	2,026	2,169	2,179	10
Citizenship and Immigration	53	63	63	—
Community and Social Services	5,795	5,985	5,985	—
Community Safety and Correctional Services	1,898	1,754	1,802	48
Consumer and Business Services	177	177	177	—
Culture	330	278	278	—
Economic Development and Trade	247	315	315	—
Education	8,998	9,787	9,787	—
Teachers' Pension Plan (TPP)	238	340	340	—
Energy	144	130	130	—
Environment	232	274	274	—
Executive Offices	20	20	20	—
Finance - Own Account	1,092	1,222	1,222	—
Interest on Debt	9,694	10,025	10,025	—
Community Reinvestment Fund	622	649	649	—
Electricity Consumer Price Protection Fund	665	292	292	—
Power Purchases	786	918	918	—
Health and Long-Term Care	25,758	27,885	27,885	—
SARS-related Health Costs	—	622	622	—
Intergovernmental Affairs	6	6	6	—
Labour	123	120	120	—
Management Board Secretariat	172	336	336	—
Retirement Benefits	102	335	335	—
Contingency Fund	—	625	567	(58)
Municipal Affairs	636	688	688	—
Native Affairs Secretariat	16	15	15	—
Natural Resources	454	530	530	—
Northern Development and Mines	73	74	74	—
Office of Francophone Affairs	3	4	4	—
Public Infrastructure Renewal	33	31	31	—
Tourism and Recreation	135	228	228	—
Training, Colleges and Universities	3,471	3,996	3,996	—
Transportation	801	796	796	—
<b>TOTAL OPERATING EXPENSE</b>	<b>66,616</b>	<b>72,579</b>	<b>72,579</b>	<b>—</b>

\* As presented in the 2003 Ontario Economic Outlook and Fiscal Review.

Note: Consistent with the treatment in the 2002-03 Public Accounts, the Ontario Electricity Financial Corporation (OEFEC) is consolidated on a line-by-line basis. Preliminary allocations by ministry incorporating most recent information, pending finalization of the realignment of government ministries currently under way.



# CAPITAL EXPENSE

(\$ Millions)	Actual 2002-03	2003-04		
		Fall Outlook*	Current Outlook	In-Year Change
<b>MINISTRY</b>				
Agriculture and Food	68	1	1	—
Attorney General	43	31	31	—
Community and Social Services	23	13	13	—
Community Safety and Correctional Services	66	55	55	—
Consumer and Business Services	1	1	1	—
Culture	42	65	65	—
Economic Development and Trade	21	46	46	—
Education	10	16	16	—
Energy	46	47	47	—
Environment	13	15	15	—
Finance	8	11	11	—
Health and Long-Term Care	339	504	504	—
Management Board Secretariat	3	—	—	—
Municipal Affairs	20	188	188	—
Native Affairs Secretariat	2	3	3	—
Natural Resources	72	91	91	—
Northern Development and Mines	391	356	356	—
Public Infrastructure Renewal	4	169	169	—
Capital Contingency Fund	—	114	95	(19)
Tourism and Recreation	55	55	55	—
Training, Colleges and Universities	71	100	119	19
Transportation	578	693	693	—
<b>TOTAL CAPITAL EXPENSE**</b>	<b>1,876</b>	<b>2,574</b>	<b>2,574</b>	<b>—</b>

\* As presented in the 2003 Ontario Economic Outlook and Fiscal Review.

\*\* Capital expenses includes transfers for capital purposes, the amortization of major tangible capital assets owned by Provincial ministries, repairs, maintenance and other, including the capital contingency fund. Consistent with the recommendation of the Public Sector Accounting Board (PSAB), the cost of acquisition or construction of major tangible capital assets owned by the Province is amortized to expense over their useful lives.

Note: Preliminary allocations by ministry incorporating most recent information, pending finalization of the realignment of government ministries currently under way.

## Schedule of Net Investment in Capital Assets (\$ Millions)

	2003-04 Current Outlook			
	Land and Buildings	Transportation Infrastructure	Government Organizations' Capital Assets	Total
Acquisition/Construction of Major Tangible Capital Assets	133	1,042	346	1,521
Amortization of Provincially Owned Major Tangible Capital Assets	(110)	(546)	(163)	(819)
<b>NET INVESTMENT IN CAPITAL ASSETS*</b>	<b>23</b>	<b>496</b>	<b>183</b>	<b>702</b>

\* Starting in 2002-03, major tangible capital assets owned by Provincial ministries (land, buildings and transportation infrastructure) are accounted for on a full accrual accounting basis. Other tangible capital assets owned by Provincial ministries will continue to be accounted for as expense in the year of acquisition or construction.



# ONTARIO'S 2003-04 FINANCING PROGRAM

## Consolidated Province and Ontario Electricity Financial Corporation (\$ Millions)

	Actual 2002-03	2003-04		
		Fall Outlook*	Current Outlook	In-Year Change
Deficit / (Surplus)	(117)	5,621	5,621	—
Adjustments for:				
Non-Cash Items Included in Deficit / (Surplus)	(4,003)	855	855	—
Amortization of Tangible Capital Assets	(715)	(819)	(819)	—
Acquisitions of Tangible Capital Assets	1,323	1,521	1,521	—
Maturities of Debt				
Province	12,196	9,800	9,800	—
Ontario Electricity Financial Corporation	3,952	3,495	3,495	—
Total	16,148	13,295	13,295	—
Early Redemptions of Debt	1,122	1,100	1,100	—
Canada Pension Plan Borrowing	—	(158)	(158)	—
Increase / (Decrease) in Cash and Cash Equivalents	2,838	(2,000)	(2,000)	—
Decrease / (Increase) in Short-Term Borrowing	(1,727)	(300)	(300)	—
Other Uses / (Sources) of Cash**	2,438	3,590	3,590	—
Long-Term Public Borrowing Requirement	17,307	22,705	22,705	—

\* As presented in the 2003 Ontario Economic Outlook and Fiscal Review.

\*\* Includes net repayment from, or loans to, agencies and the transfer of all deposits with the Province of Ontario Savings Office (POSO) to Desjardins Credit Union on April 1, 2003.

## Borrowing Program Status (\$ Millions)

	Completed	Remaining	Total
Province	14,235	3,957	18,192
Ontario Electricity Financial Corporation	4,024	489	4,513
<b>TOTAL</b>	<b>18,259</b>	<b>4,446</b>	<b>22,705</b>

Note: Consistent with the treatment in the 2002-03 Public Accounts, the borrowing program of OEFC was consolidated with that of the Province.

♦ Long-term public borrowing undertaken in the year to date as of December 31, 2003 was \$18,259 million as follows:

	(\$ Millions)
Ontario Savings Bonds	3,770
Domestic Issues	8,239
Euro Medium Term Notes	2,039
Global Issues	3,954
Other	257
	<b>18,259</b>

